

December 1994

## **PECFA UPDATE #6**

DEAR PECFA CONSULTANTS & FUND PARTICIPANTS:

### PECFA FACTS

- Currently, the backlog of claims to be paid (609) is seven and one-half (7½) months.
- Remedial Alternatives (192) are backlogged eleven (11) weeks.
- Requests to exceed the Investigation Cost Cap (20) require four (4) weeks to review.
- Site Eligibility Letters are current.
- Initial Claim Request Forms, at the present rate of requests, require up to three (3) weeks to process.
- The amount claimed in the backlog (not including interest) as of December 1, 1994, is \$51,832,818.29.
- Claim amounts paid in November 1994, were \$4,084,486.63. Claim amounts paid out in Fiscal Year 5 is \$20,840,506.87

Personnel notes; Therese Schroeder, Financial Manager, has left public service and is currently working in the private sector. Warren Bohlman, Grant Reviewer, had an extended medical leave in October and November and is currently working an abbreviated schedule.

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BIDS

The PECFA Claim Reviewers are experiencing difficulties comparing bid documents for commodity services. Bids have also generated many of the phone calls that the staff receive. It is imperative to the claimants, consultants and the claim review process that commodities be bid in units rather than lump sums. §ILHR 47.33(5) COMMODITY ITEMS REQUIRING COMPETITIVE BIDDING states; “...*All bids shall be in units standard to the industry.*” Additionally, unit bids are easier to compare and, if exceedences occur (and they do), the unit cost can be utilized by everyone. Unit bids allow the activities to proceed without re-bidding and/or phone calls to get permission to proceed.

Commodity services likely bid in unit costs are; drilling, trenching (linear feet) and excavation, trucking, backfill and thermal treatment (tons). Commodity services likely to bid in lump sums are; building contractors, equipment suppliers and electrical and plumbing contractors. Commodity service providers must respond to the bid request and specifications in similar or like formats. Bids submitted with items either added or deleted are difficult to compare.

Ineligible costs should not be included within bid specifications for costs that will be submitted to PECFA for reimbursement. PECFA ineligible costs will not be considered by the claim reviewers when determining the lowest bidder.

CHANGE  
ORDERS

When the estimated costs of remediation and/or operation & maintenance might be exceeded, the following applies. If commodity costs might exceed the remedial or the operation & maintenance cost estimate, the Department and the owner must be notified in writing [§ILHR 47.33(2) &(3)]. If consultant costs might exceed the cost estimates referenced above, the owner or consultant must obtain written approval from the Department for additional funding [§ILHR 47.33(4)]. If Departmental approval is not obtained for the additional funding, the Department at its discretion, may not reimburse the additional costs. Currently, the Department’s approach is to disqualify the consultant and/or consulting firm.

CLAIM NUMBER

The issue of PECFA Claim Numbers has been discussed in *PECFA UPDATE #1, #2, #3 and #5*. When will we get this right? When you are dealing with PECFA, think of the claim number just as you would a social security number, driver license number, checking and saving account number, employee identification number or lottery number. Use the PECFA Claim Number! Staff will have to return correspondence without the PECFA Claim Number! Phone calls without claim numbers detract from the PECFA program’s mission to reimburse eligible costs. Do not make up your own “claim number”!

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CLAIM  
PACKAGES

The federal government does not allow citizens to create their own social security number and for the same reason PECFA will not allow you to create your own PECFA Claim Number. Effective immediately, only the owner or operator will be sent all claim packages and confirmations of claim numbers. Consultants, bankers, Realtors and attorneys, please ask the owner or operator for the claim number.

CLAIM  
SUBMITTAL

Do not put claim submittals in a bound report format. Claim reviewers disassemble the packages during the audit and the binders and cover pages are discarded.

INELIGIBLE  
COSTS

Costs associated with investigation, remediation and operation & maintenance activities should be identified and highlighted by the claim submitter. Within the remediation costs and operation & maintenance costs, be sure to separate consultant and commodity services. This is necessary to apply the appropriate "caps". If the claim submitter does not identify and separate costs, the claim reviewer will do it at his/her discretion. Costs over the "caps" will not be reimbursed.

INITIAL CLAIM  
REQUEST  
FORM

A substantial number of claims are being submitted that contain costs that are clearly defined in Chapter ILHR 47 as ineligible. Claim submittals that contain a substantial amount of clearly ineligible costs will be returned to the claimant as an incomplete claim [§ILHR 47.30(3)]. Claims that are resubmitted will be placed at the back of the audit line. The Department will only reimburse once for claim submittal costs and may disallow interest costs during the period of resubmittal.

The intent of the PECFA program is to maintain the responsible party (owner or operator) as the central control point throughout the claim process. Effective immediately, Claim Request Forms and all claim packages will be sent to the owner or operator only. Questions regarding the existence of a claim number should be addressed to the owner or operator. This change is necessary because multiple claim numbers have been established, multiple claim packages requested and an exhaustive number of phone requests received.

Forms 1 and 4-7 must be submitted as originals only! Claims submitted containing copies of these forms constitute an incomplete claim and will be returned to the claimant. This control is necessary in order for the program to track sites, develop budget projections and manage the receipt of correspondence and other materials.

Better cooperation between the claimant and the consultants, banks, attorneys and Realtors is required in order for the PECFA program to perform its mission to reimburse costs. Currently, the DILHR computer staff are attempting to make PECFA's claim tracking system available to the computer modem connected public.

	<p>The tracking system will be within the <i>DILHR ON-LINE</i> computer bulletin system and similar to the currently available DILHR underground storage tank registration database.</p>
INSURANCE CERTIFICATES	<p><u>Copies</u> of the consultant's, laboratory's and the drilling company's certificate of insurance must be submitted with each claim [§ILHR 47.40(3)(c)2 and §ILHR 47.15(2)]. The copies of insurance certification must match the effective date(s) of the insurance policy and the dates that the work activities were <u>performed</u>. <b>The PECFA program will not maintain a file of insurance certificates. Do not identify DILHR as an insurance certificate holder.</b></p>
\$40,000 CAP	<p>The maximum allowable cost for the investigation and development of the remedial action plan, excluding interest, feasibility testing and interim action costs, is \$40,000. The consultant must notify, in writing, the owner at the earliest point at which the consultant may know when investigation costs will exceed \$40,000. The notification must be before the owner has incurred <b><u>liabilities</u></b> above \$40,000. Liabilities mean work performed.</p>
LABORATORY ISSUES	<p>Considering the July and October issues of the DNR "LUST RELEASE" the Department has the following comments. Conformation analyses of <u>eligible petroleum products</u> will be a reimbursable cost when the analysis is required by the DNR (March 1, 1994). Laboratory services will not have to be re-bid if analytical costs increase until the next bidding cycle begins. The bidding cycle(s) could be; (1) annually, (2) a new and separate occurrence or (3) when a new contract is signed. Costs associated with re-sampling because of unacceptable laboratory data (decertified labs) is not a reimbursable cost. Remember, when doing lab bids, only PECFA eligible laboratory analysis can be included.</p>
RECEIPT OF CLAIM	<p>The staff has had an increasing number of phone calls asking when a claim was received by the Department. Please, don't call PECFA. This is an issue between the claim submitter and the package delivery service. If the claimant wants to be reassured that the claim has been received by the Department, send the package insured or request a signature of receipt. Remember however, that these special services are ineligible PECFA costs.</p>
UPDATE TO CONSULTING FIRMS	<p>Future <i>PECFA UPDATES</i> will be mailed to consulting firms and other PECFA participants only. This change will decrease the number of mailed pieces from 2,000 to 300. The consulting firms in the future should post and/or route the <i>PECFA UPDATE</i> to their staff.</p>